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MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE MARKETING AREA
JULY 1968

Number 12

Released Pursuant to \$1090.72(j) and \$1090.85, USDA-ORMS
Federal Order No. 90, 5916 Brainerd Road, Chattanooga, Tennessee 37411
J. B. McCroskey, Market Administrator

MARKET SUMMARY - JULY 1968

The Chattanooga Order MINIMUM uniform producer prices per cwt. at pool plants for milk testing 3.5% butterfat are: Base Milk - \$6.15 and Excess Milk - \$4.14. The producer butterfat differential is 8.2 cents for each one-tenth of one percent above or below 3.5% test. This is a Base and Excess price increase of 39 cents and 81 cents respectively above July 1967.

In July 1968, 77.1% of the producer milk received by pool plants was priced in Class I at \$6.52 per cwt. and 22.9% was priced in Class II at \$4.18 per cwt. The July butterfat differential for Class I was 8.6 cents and Class II was 7.6 cents.

Total producer milk received during July 1968 was 17,688,502 pounds which is an increase of 437,666 pounds or 2.5% compared with July 1967. Deliveries of producer Base milk exceeded producer milk used in Class I by 2,407,389 pounds or percentagewise only 84.7% of Base milk was used in Class I. The July daily average deliveries from 535 producers was 1,067 pounds. This compares to 549 farms delivering a daily average of 1,014 pounds per day during July 1967.

PRODUCER BASE NOTICE

Each producer for the Chattanooga marketing area will have a new base to be used in making payment to such producer during the months of March through July 1969. The 1969 daily average base will be computed by dividing each producer's total Grade A milk deliveries to a handler(s) during September 1968 through January 1969 by the number of days from the first day of delivery during such months to the last day of January, inclusive, but by not less than 120 days. Producers will be paid a uniform price for their total milk deliveries during August 1968 through February 1969. A producer base is assigned to the name (payroll account) as reported by the handler receiving the milk. Producers, particularly partnerships, are urged to see that their names are correctly listed with the receiving plant and the Market Administrator.

CHATTANOOGA ORDER CHANGES

The recently amended Chattanooga Federal Order became effective August 1, 1968. The amendment expanded the marketing area definition to include all the territory within the boundaries of the following counties: Tennessee - Bradley, Hamilton, Marion, McMinn, Meigs, Monroe, Polk, Rhea, and Sequatchie; Georgia - Catoosa, Chattooga, Dade, Fannin, Murray, Walker, and Whitfield.

The amended order reduced the pool plant qualifications of the "In-Area" route sales requirement to "not less than 15% of total Class I disposition." The Class I butterfat differential was changed to 0.12 times the Chicago butter price. Also, revised were Order provisions concerning receipts of packaged milk from unregulated plants, stockfeed and dumped milk, shrinkage allowance, and producer-handler qualifications.

The Order provision which classified bulk milk as Class I if transferred to nonpool plants located more than 250 miles from Chattanooga was terminated effective July 18, 1968. Bulk milk is now classified according to use without regard to shipping distance.

COMPARISON OF MILK RECEIPTS AND UTILIZATION

	% July'68 over July'67	July 1968 10	June 1968 11	July 1967 8
Number of Plants (Pool and Non-Pool)				
<u>RECEIPTS POUNDS (DAILY AVERAGE)</u>				
Producer Milk	+ 2.5	570,597	600,379	556,478
Other Source	+ 30.2	29,736	25,971	22,847
Other Federal Orders	+ 239.0	<u>157,772</u>	<u>172,320</u>	<u>46,546</u>
TOTAL MILK RECEIPTS	+ 21.1	758,105	798,670	625,871
<u>UTILIZATION POUNDS (DAILY AVERAGE)</u>				
<u>Class I Uses</u>				
Homo Milk	+ 7.6	357,300	346,401	331,945
Skim - Regular	+ 20.7	19,169	19,456	15,878
Skim - 2% Milk	+ 31.4	42,419	41,082	32,291
Buttermilk	+ 12.5	45,252	45,496	40,241
Flavored Milk and Drink	+ 24.7	16,172	14,840	12,967
Creams (Sweet and Sour)	+ 4.9	<u>3,140</u>	<u>2,983</u>	<u>2,992</u>
Sub-Total - Pkg. Products (Pool Plants)	+ 10.8	483,452	470,258	436,314
Other (Shrinkage, Inventory, etc.)		3,657	1,491	7,159
Sales to Non-Pool Plants		73,959	58,975	22,527
In-Area Sales by Non-Pool Plants		<u>2,696</u>	<u>2,947</u>	<u>1,337</u>
TOTAL CLASS I MILK	+ 20.6	563,764	533,671	467,337
<u>Class II Uses - Pool Plants</u>				
Ice Cream Mixes	+ 30.2	56,320	53,801	43,249
Cottage Cheese	+ 14.6	36,656	36,665	31,989
Powdered and Condensed Milk		25,381	84,492	44,134
Livestock Feed and Skim Dumped		<u>8,681</u>	<u>7,717</u>	<u>6,277</u>
Sub-Total - Used to Produce	+ 10.1	127,038	182,675	125,649
Shrinkage Class II		10,907	12,721	9,996
Other (Inventory Variation, etc.)		3,727	19,157	2,550
Bulk Sales to Non-Pool Plants		<u>52,669</u>	<u>50,446</u>	<u>20,339</u>
TOTAL CLASS II MILK	+ 12.3	194,341	264,999	158,534
Class I Pkg. Lbs. in Area - Pool Plants	+ 5.6	277,727	274,939	263,078
Class I Pkg. Lbs. Out of Area - Pool Plants	+ 18.8	205,725	195,319	173,236
Class I Pkg. Lbs. in Area - Non-Pool Plants		2,696	2,947	1,337
% Producer Milk of Gross Class I		101.2	112.5	119.1
% Producer Milk Priced in Class I		77.1	72.1	76.8

CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

<u>Per \$ 1090.51(a) Amended</u>	<u>Aug.'68</u>	<u>July'68</u>	<u>Aug.'67</u>
Basic Formula 1/	\$4.33	\$4.33	\$4.05
Plus Class I Differential 2/	1.95	1.95	1.95
Supply-Demand Adjustment	<u>0.34</u>	<u>0.24</u>	<u>0.24</u>
Class I Price, 3.5% Butterfat	\$6.62	\$6.52	\$6.24

AUGUST 1968

Supply-Demand Comparison: 2nd and 3rd preceding months: May and June	
Supply: Lbs. Producer Milk (May 19,808,403 and June 18,011,378)	37,819,781
Demand: Lbs. Net Class I Milk (May 16,406,552 and June 15,921,726)	32,328,278
Utilization Percentage: Producer milk divided by Class I	117
Standard Utilization Percentage: Range 134-138	134
Net Deviation Percentage: Utilization minus Standard Utilization	Minus 17
Supply-Demand Adjustment: 2 cents x 17 percentage points	Plus \$0.34

1/ Basic Formula "Floor" per Order Amendments

2/ Increased 20 cents - May 1967 through April 1969

COMPUTATION OF PRODUCER UNIFORM BASE AND EXCESS PRICES
AND WEIGHTED AVERAGE PRICE

Page 3

JULY 1968	Class %	Milk Pounds	Butterfat Test - %	Cwt.Price @ Test	Gross Value
Gross Class I		17,476,689	3.363		
Less Other Source		3,838,017	3.231		
Producer Milk Class I	77.1	13,638,672	3.399950	\$6.433957	\$ 877,506.29
Gross Class II		6,024,573	4.504		
Less Other Source		1,974,743	3.360		
Producer Milk Class II	22.9	4,049,830	5.061324	5.366606	217,338.42
TOTAL PRODUCER MILK (Cl.I + Cl.II)	100.0	17,688,502	3.780326		\$1,094,844.71
Less Fractional Adjustment					.02
Add Value of Overage					315.35
Add Value of Other Source Receipts					
Allocated to Class I and Location Adj.		373,134			18,527.04
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					7,523.64
TOTAL VALUE AT TEST		18,061,636	3.737186	\$6.207692	\$1,121,210.72
Less Test over 3.5% @ 8.2¢ per point		18,061,636	.237186	.194493	35,128.62
TOTAL UTILIZATION VALUE AT 3.5%		18,061,636	3.5	\$6.013199	\$1,086,082.10
Less Reserve Per \$1090.71(f)		18,061,636		.043199	
WEIGHTED AVERAGE PRICE - 3.5% TEST		18,061,636	3.5	\$5.97	
Less FMP from Unregulated Supply Plants					
Allocated to Class I @ Wt. Av. Price		373,134	3.5	\$5.97	22,276.10
TOTAL PRODUCER MILK VALUE @ 3.5% TEST		17,688,502	3.5		\$1,063,806.00
		Pounds	Price	Amount	
Excess Producer Milk Used in Class I		-	-	-	
Excess Producer Milk Used in Class II		1,582,441	\$4.18	\$66,146.04	
Total Value of Excess Milk		1,582,441	4.18	66,146.04	
Less Prod.-Settlement Fund Reserve @ 4¢		1,582,441	.04		632.98
UNIFORM EXCESS PRICE - 3.5% TEST		1,582,441	\$4.14		65,513.06
Total Value of Base Milk		16,106,061	6.194314		997,659.96
Less Producer-Settlement Fund Reserve		16,106,061	.044314		7,137.24
UNIFORM BASE PRICE - 3.5% TEST		16,106,061	\$6.15		\$ 990,522.72

JULY 1968 MINIMUM PRODUCER PRICES CWT. F.O.B. CHATTANOOGA POOL PLANTS
BUTTERFAT DIFFERENTIAL 8.2¢ PER POINT (EXCLUDES PREMIUMS)

TEST %	PRICES		TEST %	PRICES		TEST %	PRICES	
	BASE	EXCESS		BASE	EXCESS		BASE	EXCESS
3.0	\$5.74	\$3.73	4.0	\$6.56	\$4.55	5.0	\$7.38	\$5.37
3.05	5.781	3.771	4.05	6.601	4.591	5.05	7.421	5.411
3.1	5.822	3.812	4.1	6.642	4.632	5.1	7.462	5.452
3.15	5.863	3.853	4.15	6.683	4.673	5.15	7.503	5.493
3.2	5.904	3.894	4.2	6.724	4.714	5.2	7.544	5.534
3.25	5.945	3.935	4.25	6.765	4.755	5.25	7.585	5.575
3.3	5.986	3.976	4.3	6.806	4.796	5.3	7.626	5.616
3.35	6.027	4.017	4.35	6.847	4.837	5.35	7.667	5.657
3.4	6.068	4.058	4.4	6.888	4.878	5.4	7.708	5.698
3.45	6.109	4.099	4.45	6.929	4.919	5.45	7.749	5.739
3.5	6.15	4.14	4.5	6.97	4.96	5.5	7.79	5.78
3.55	6.191	4.181	4.55	7.011	5.001	5.55	7.831	5.821
3.6	6.232	4.222	4.6	7.052	5.042	5.6	7.872	5.862
3.65	6.273	4.263	4.65	7.093	5.083	5.65	7.913	5.903
3.7	6.314	4.304	4.7	7.134	5.124	5.7	7.954	5.944
3.75	6.355	4.345	4.75	7.175	5.165	5.75	7.995	5.985
3.8	6.396	4.386	4.8	7.216	5.206	5.8	8.036	6.026
3.85	6.437	4.427	4.85	7.257	5.247	5.85	8.077	6.067
3.9	6.478	4.468	4.9	7.298	5.288	5.9	8.118	6.108
3.95	6.519	4.509	4.95	7.339	5.329	5.95	8.159	6.149

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES ^{1/}				HANDLER CLASS PRICES ^{1/}			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
July '67	\$5.56 ^{2/}	\$5.76	\$3.33	8.2¢	\$6.24	8.6¢	\$3.37	7.6¢
Aug.	5.67	-	-	8.4	6.24	8.6	3.97	7.7
Sept.	5.71	-	-	8.4	6.16	8.7	3.97	7.7
Oct.	5.63	-	-	8.4	5.98	8.7	3.98	7.7
Nov.	5.57	-	-	8.4	5.98	8.7	4.00	7.6
Dec.	5.65	-	-	8.4	6.14	8.6	4.04	7.8
Jan. '68	5.73	-	-	8.4	6.20	8.8	4.01	7.6
Feb.	5.77	-	-	8.4	6.20	8.6	4.00	7.6
Mar.	5.68 ^{2/}	5.81	3.98	8.2	6.20	8.6	4.02	7.6
Apr.	5.67 ^{2/}	5.89	4.14	8.2	6.28	8.6	4.18	7.6
May	5.90 ^{2/}	6.14	4.15	8.2	6.56	8.6	4.19	7.6
June	5.79 ^{2/}	5.96	4.14	8.2	6.44	8.6	4.18	7.6
July	5.97 ^{2/}	6.15	4.14	8.2	6.52	8.6	4.18	7.6
Aug.	-	-	-	-	6.62	8.0	-	-

Date	PRICE QUOTATIONS				PRODUCER MILK USE (Daily Average)			
	Chi.92° Butter	Minn/Wisc Mfg. Milk	Chi.Area Powder	Basic Formula ^{4/}	Class I		Class II	
	¢ Lb.	\$-cwt-3.5%	¢ Lb.	\$-cwt-3.5%	Pounds	Test-%	Pounds	Test-%
July '67	66.47	3.95	19.46	4.05	427,640	3.50	128,838	5.27
Aug.	67.07	3.97	19.46	4.05	427,213	3.49	135,298	5.13
Sept.	67.13	3.97	19.37	4.05	482,438	3.47	113,367	5.97
Oct.	66.59	3.98	19.42	4.05	493,777	3.58	96,943	6.71
Nov.	66.48	4.00	19.50	4.05	470,450	3.57	109,481	6.66
Dec.	67.69	4.04	19.46	4.05	456,371	3.49	128,470	6.37
Jan. '68	66.44	4.01	19.42	4.05	476,833	3.58	111,321	6.73
Feb.	66.44	4.00	19.46	4.05	486,051	3.55	102,520	6.64
Mar.	66.44	4.02	19.49	4.05	463,722	3.48	133,332	5.80
Apr.	66.44	4.18	21.96	4.33	474,081	3.44	179,918	4.95
May	66.44	4.19	22.62	4.33	467,606	3.45	171,375	4.85
June	66.44	4.18	22.54	4.33	432,917	3.40	167,462	4.93
July	66.43	4.18	22.77	4.33	439,957	3.40	130,640	5.06

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK ^{3/}			PRODUCER DATA				Deliveries Per		
	No.	Total	Class I	No.	Total	Base	Average	Farm-----Pounds		
	Hdlrs.	Receipt	Use	Prod.	Delivery	Delivery	Test-%	Prod.	Base	Exc.
July '67	8	625,871	467,337	549	556,478	510,262	3.91	1,014	930	84
Aug.	8	627,993	469,524	548	562,511	-	3.88	1,026	-	-
Sept.	9	688,881	539,805	551	595,805	-	3.95	1,081	-	-
Oct.	9	717,502	575,169	550	590,720	-	4.09	1,074	-	-
Nov.	9	718,857	554,957	549	579,931	-	4.16	1,056	-	-
Dec.	9	721,913	535,531	548	584,841	-	4.12	1,067	-	-
Jan. '68	9	729,565	562,990	546	588,154	-	4.18	1,077	-	-
Feb.	10	745,749	579,909	541	588,571	-	4.08	1,088	-	-
Mar.	11	763,766	556,510	539	597,054	553,510	3.99	1,108	1,027	81
Apr.	11	804,063	531,929	536	653,999	574,609	3.85	1,220	1,072	148
May	11	805,968	533,685	535	638,981	563,280	3.82	1,194	1,053	141
June	11	798,670	533,671	537	600,379	546,005	3.82	1,118	1,017	101
July	10	758,105	563,764	535	570,597	519,550	3.78	1,067	971	96

^{1/} Excludes Premiums^{2/} Weighted Average Price^{3/} Other Source is Gross minus Producer; Class II is receipts minus Class I^{4/} Basic Formula "floor" per Order Amendments